



DRAFT ANNUAL BUDGET OF

# **NKETOANA LOCAL MUNICIPALITY**

2016/17 TO 2018/19  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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- Finance department
- All public libraries within the municipality
- At [www.Nketoana.fs.gov.za](http://www.Nketoana.fs.gov.za)

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	MFMG	Municipal Financial Management Grant
ASGISA	Accelerated and Shared Growth Initiative	MFMA	Municipal Financial Management Act
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MM	Municipal Manager
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
DBSA	Development Bank of South Africa	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
DWA	Department of Water Affairs	MSIG	Municipal Systems Improvement Grant
EPIP	Environmental Protection and Infrastructure Programme	MTEF	Medium-term Expenditure Framework
EPWP	Expanded Public Works Programme	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services	NERSA	National Electricity Regulator South Africa
GDP	Gross domestic product	NGO	Non-Governmental organisations
GFS	Government Financial Statistics	NKPIs	National Key Performance Indicators
GRAP	General Recognised Accounting Practice	OP	Operational Plan
HR	Human Resources	PMS	Performance Management System
IDP	Integrated Development Strategy	PPE	Property Plant and Equipment
IT	Information Technology	RBIG	Restructuring Bulk Grant
kℓ	kilolitre	SALGA	South African Local Government Association
Km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
KWh	kilowatt		
ℓ	Litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

## Part 1 – Annual Budget

### 1.1 Mayor's Report

#### 2016/2017 DRAFT BUDGET TABLED

Nketoana Local Municipality tabled its Draft Budget 2016/17 on 23/03/2016 at the Executive Committee and Full Council Meeting. The total budget for the coming financial year is R 318 Million

The Capital Budget of R94 Million has five strategic focus areas. These are social, economic, asset management and rehabilitation, environmental as well as admin and support systems. The increased operating budget of R318Million with the main driving costs being R47Million for Water Services, R55Million for Roads and Storm Water, R34Million for Sanitation, R65Million for Electricity, 47million for Community and Emergency Services.

Nketoana Local Municipality which includes towns like Reitz, Mamafubedu, Lindley and Arlington, with the best quality of life, the 2016/17 draft budget seeks to continue with this legacy by providing improved service delivery speedily and transparently thus improving the lives of all citizens. Nketoana has prioritised growing the economy and job creation, expanding and improving municipal infrastructure, accelerating and improving service delivery to communities, fighting poverty and building safe, sustainable communities and improving skills development to raise productivity.

With the growing electricity crisis, ESKOM has set a bulk purchase increase at 8%, however guided by the National Energy Regulator; Nketoana has set the electricity tariff at 6%, a fair indication of the Municipality's commitment towards drawing up a pro-poor budget in today's tough economic climate. Notably, this tariff may need to be reviewed.

The Municipality additionally faces a huge challenge of water loss in distribution which is currently sitting at 25.80%. Leakages and overflowing reservoirs are some of the factors that have a cost implication on the budget. Thus Nketoana Municipality has set the tariff increase at 6% across the board for all tariffs in line with the CPI percentage. The tariff increases are:

- Assessment rates: 6%

- Water (Residential) : 9%
- Water (Business): 6%
- Electricity: 6%
- Sanitation: 6%
- Refuse: 6%

Mayor of Nketoana Local Municipality, cllr Matshukulu Dorcas Molapisi, encourages all to attend and participate in the budget consultation process. "This is a people's budget owned by the community of Nketoana." With this in mind, the budget will be taken to the community during the month of April where citizens will be given a platform to comment and ask pertinent questions. The Municipality will take these concerns and comments forward before the adoption of the budget on 25<sup>th</sup> May 2016.

## 1.2 Council Resolution

**Item Number** : 150/03 (Council 23/03/2016)

**Heading** : Draft Annual Budget 2016/17 to 2018-2019

**Department** : Finance

### Purpose

The purpose of the report is to present the draft annual budget for 2016/17 for approval by council.

### Background

Section 16 of the Municipal Finance Management Act of 2003 states that municipalities must for each financial year approve an annual budget for the municipality before the start of that financial year

Section 17 of the MFMA further states that

- 1) An annual budget of a municipality must be in a prescribed format
  - a) Setting out the realistically anticipated revenue for the budget year from each revenue source
  - b) Appropriating expenditure for the budget year under the different votes of the municipality
  - c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget
  - d) Setting out
    - i) Estimated revenue and expenditure by vote for the current year ; and
    - ii) Actual revenue and expenditure by vote for the financial year preceding the current year ; and
  - e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed
- 2) Annual budget must generally be divided into a capital and an operating budget in accordance with international best practices, as may be prescribed.
- 3) When an annual budget is tabled in terms of section 16(2) it must be accompanied by the following documents
  - a) Draft resolutions
    - i) approving the budget of the budget of the municipality
    - ii) Imposing any tax municipal tax and setting any municipal tariffs as maybe
    - iii) Approving any other matter that maybe prescribed
  - b) Measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan.
  - c) A projection of cash flow for the budget year revenue source , broken down per month,

- d) Any proposed amendments to the municipality's integrated development plan in terms of section 34 of the Municipal Systems Act
- e) Any proposed amendments to the budget –related policies of the municipality
- f) Particulars of the municipality's investments
- g) Any prescribed budget information on municipal entities under the sole or shared control of the municipality
- h) Particulars of new municipal entities which the municipality intends to establish or in which the municipality intend to participate
- i) Particulars of all proposed service delivery agreements including material amendments to existing service delivery agreements
- j) Particulars of any proposed allocations or grants by the municipality to-
  - i)other municipalities
  - ii)any municipal entities and other external mechanism assisting the municipality in the exercise of its functions or powers
  - iii)any other organs of state
  - iv)any organization or bodies referred to in section 67 (1)
- k) The proposed cost to the municipality for the budget year of the salary, allowances and benefits of-
  - i)each political office bearer of the municipality
  - ii)councilors of the municipality; and
  - iii)the municipal manager; chief financial; each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager.
- l) The proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary , allowances and benefits of –
  - i)each member of the entity's board of directors; and
  - ii)the chief executive officer and each senior manager of the entity;
- m) Any other supporting documentation as maybe prescribed

Section 24 of the MFMA further states that :

- 1) the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget
- 2) An annual budget –
  - a) Must be approved before the start of the budget year
  - b) Is approved by the adoption by the council of a resolution referred to in section 17(3) (a) (i) and
  - c) Must be approved together with the adoption of the resolution as may be necessary –
    - i) Imposing any municipal tax for the budget year
    - ii) Setting any municipal tariffs for the budget year
    - iii) Approving measurable performance objectives for the revenue from each source and for each vote in the budget
    - iv) Approving any changes to the municipality's integrated plan ; and
    - v) Approving any changes to the municipality's budget related policies
- 3) The accounting Officer of the municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.



### **Annual Budget 2016/17 process**

The annual budget of the municipality was consolidated taking into consideration all the departments' needs. The total revenue budget is R 292 766 611 this includes operational grants, total operating expenditure is R 318 096 627 including Repairs and Maintenance, Depreciation and Debt impairment. The operational budget is at a deficit of R25 330 016. This is mainly due to depreciation and Debt Impairment of R 68 544 000 and R38 624 243 respectively.

Draft Capital Budget total budget of R 94 654 502, with R 89 159 000 being Grants funded projects and R5 495 502 being projects that will be own funded.

### **Tariffs**

We have proposed a 6% increase on all tariffs of the municipality which is in line with the CPI.

Water and Electricity, the municipality is using the IBT i.e step tariff, meaning that the more services the consumers consume the more they pay.

The ANNEXTURES attached for further detail.

- Draft A1 Schedule of 2016/17 (Budget)
- Draft Capital Budget 2016/17
- Circular 78 of National Treasury
- Draft Budget related Policies

### **Resolved:**

1. That COUNCIL approve the Draft Annual budget 2016/17 in order to enable the consultations on the draft annual budget to all stakeholders.

## **1.3 Executive Summary**

### **Credit Control**

The revenue generation is of critical importance to the survival of the municipality, therefore determines the sustainability of our municipality.

After a lengthy process with our attorneys, several meetings with related parties, the passing of the festive period, etc. a final draft summonses document was drawn up together with the Reitz Magistrate office. Summonses on the original final notices have been drawn up in February 2016 to re-activate the legal process.

It was also brought to the attention of the Council that outstanding debt (excluding rates expires after 30 years), do expire after three (3) years under certain conditions. The current 300 final notices will be checked against the said conditions to determine if there are any expired debts included before the summonses are issued.

This among other points that council made was that the municipality can no longer afford to continue with blanket approach when it comes to Free Basic Services. The FBS was removed from residents that were not registered as indigents. Although this information was clearly communicated to our residents during the Budget Public Participation for 2014/15 the municipality encountered rebellious actions due to that decision.

The municipality is continuously losing revenue and this hampers the ability for a municipality to deliver services on time. The said policy was implemented throughout the 2014/15 financial year. There is a new policy that will address the issues of Non-Payment and that will be beneficial to both council and its residents, businesses, government and Farm property owners, strict measures will apply in the annual budget 2016/17 and we will ensure a very consistent implementation thereof.

### **Indigent Support**

The municipality has reviewed and approved the Indigent policy, we increased the threshold of indigent to R3 000, a R500 increase from the previous financial years. We believe that this will assist the poorest of the poor within our community. We are targeting to register 5000 indigents for the 2016/17. There was also an outcry for NGO's especially that takes care of people with disabilities, and also the Old age residents were included in this policy. The said organisations will receive a rebate depending on the consumption of their water and electricity. This resulted from the door-to-door campaign that was made by councillors.

## **Tariff Policy**

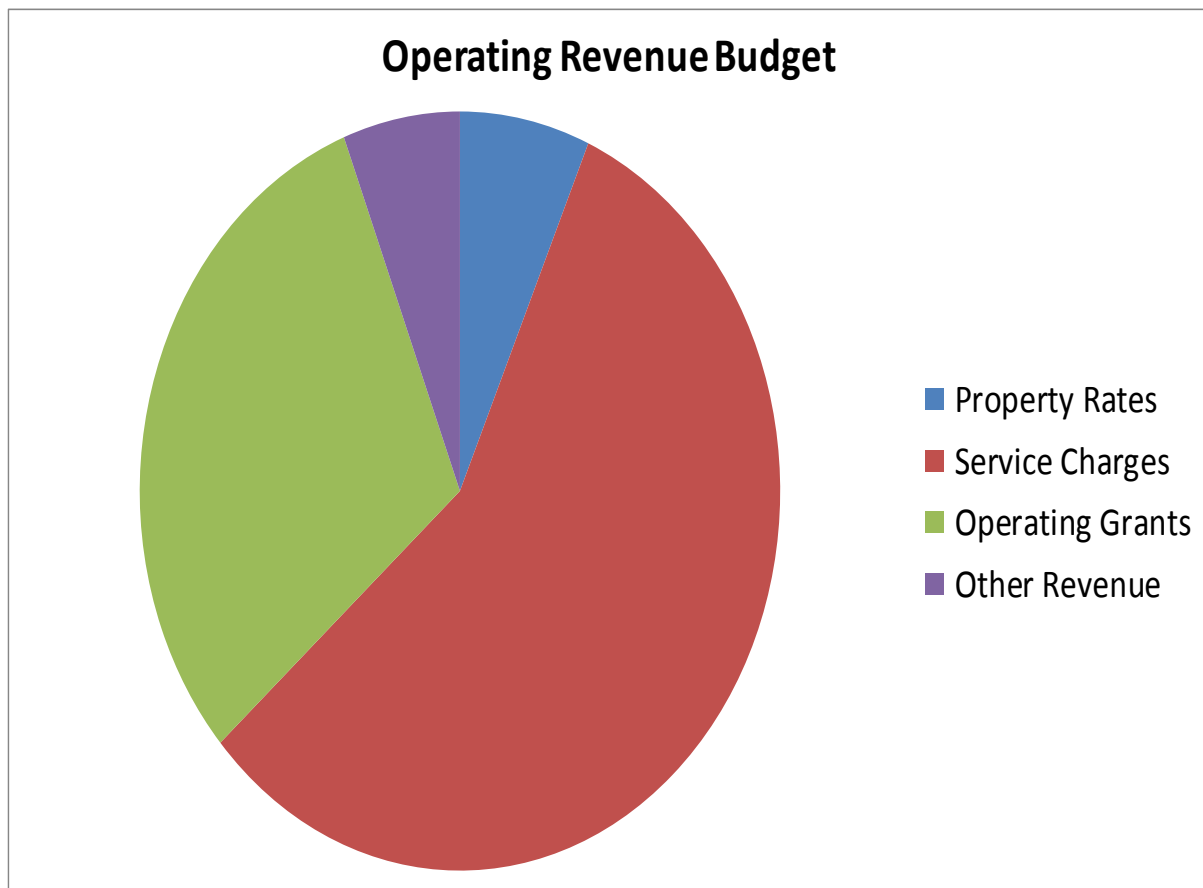
We propose the tariff policy should remain as is but we should fully implement the policy and ensure that trading and economic services are profitable or breakeven. The electricity service is currently not profitable as we lose millions of rands on this service due to illegal connections and departmental usage unaccounted for. We need to relook at our operations in this service and ensure that we recover all the cost related to this service. We also have a serious challenge as the tariffs for this service are determined by the regulator.

### **1.4 Operating Revenue Framework**

For Nketoana Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

**The municipality's revenue strategy is built around the following key components:**

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development; SMME development
- Efficient revenue management, which aims to ensure at least 75% annual collection rate for property rates and other key service charges;
- Electricity tariff increases of 6% as awaiting tariff increase guidelines from NERSA;
- Achievement of full cost recovery of specific user charges especially in relation to trading services; this is still a challenge especially on the non-profit making departments
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the MPRA Act no 6 of 2004;
- Increase ability to extend new services and recover costs;
- Municipality revenue enhancement strategy
- The municipality's Indigent Policy and rendering of FBS; and
- Tariff policies of the Municipality.

**Analysis of the pie above**

- Property rates 6%
- Service charges 52%
- Government grants 28%
- Other Revenue 13%

### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- All residential properties with a market value of less than amount as annually determined by the Municipality are exempted from paying rates, Farmers gets up to 75% rebate on property rates. For 2016/17 financial year the maximum deduction is determined as R20 000, the impermissible rates of R15 000 contemplated in terms of (Section 17(1)(h) of the MPRA) is included in the amount referred to the above as annually determined by the municipality. The remaining R5 000 is an important part of council's indigent report and aimed primarily at alleviating poverty.
- Municipality's Property Rates Act determines all other issues in relation to exempt properties and rebates

**Below is the comparison of proposed property rates to levy for the 2016/17 financial year:**

<b>PROPERTY RATES</b>	<b>Current year 2015/16</b>	<b>Proposed Tariff 2016/17</b>	<b>% Increase</b>
Business, Commercial, and Industries	0.0040927c	0.0045986c	6%
Residential Property	0.0040927c	0.0045986c	6%
Property owned by the state or an organ of state	0.0278420c	0.0312833c	6%
Farming land used for bona fide farming	0.0016090c	0.0018079c	6%
Public Service Infrastructure	0.0016090c	0.0018079c	6%
Vacant land irrespective of zoning	0.0081853c	0.0091970c	6%
Mining Property	0.0040927c	0.0045986c	6%

Education	0.0278420c	0.0312833c	6%
Religious	0.00000000c	0.00000000c	6%

**NB: The approved tariff list is attached**

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective from 2014.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

#### Proposed Water Tariffs

##### Metered Water

##### Residential, Flats, Church and old ages, commercial, government institution

	Tariff 2015/16	Proposed Tariff 2016/17	%
<b>All excluding industries and Departmental</b>			
Service Fee (per Month)	129.17	136.92	6%
Consumption – 0 to 10k (per kl)	6.48	6.87	6%
Consumption – 11 to 15kl ( per kl)	10.37	10.99	6%
Consumption – 16to 20kl (per kl)	14.20	15.06	6%
Consumption – 21 to 25kl ( per kl)	17.44	18.49	6%
Consumption – 26 and more ( per kl)	19.94	21.13	6%
Free Basic Services Indigents 6kl (per kl)	6.63	7.02	6%

<b>Industries</b>			
Service Fee (per month)	167.37	177.41	6%

Consumption 0 to 200kl (per kl)	10.86	11.51	6%
Consumption 201 and more (per kl)	19.68	20.86	6%
Additional Availability charge : Farms/Smallholdings	167.37	177.41	6%

<b>Departmental</b>			
Service Fee (per month)	102.08	108.20	6%
Consumption (per month)	8.92	9.46	6%

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure at the moment, 6% increase in the Eskom bulk electricity tariff to municipality is proposed.

### 1.4.4 Sanitation and Impact of Tariff Increases

The proposed tariffs for sanitation are as follows:

#### Waterborne – Residential including churches and old age

	<b>Tariff 2015/16</b>	<b>Proposed Tariff 2016/17</b>	<b>%</b>
Per toilet/urinal per month	59.70	63.28	6%
Minimum per month	112.84	119.61	6%
Additional availability charge	112.84	119.61	6%

#### Business including schools

	<b>Tariff 2015/16</b>	<b>Proposed Tariff 2016/17</b>	<b>%</b>
Per toilet/urinal per month	115.40	122.33	6%
Minimum per month	115.40	122.33	6%
Additional availability charge	115.40	122.33	6%

#### Industries

	<b>Tariff 2015/16</b>	<b>Proposed Tariff 2016/17</b>	<b>%</b>
Per toilet/urinal per month	115.40	122.33	6%

Minimum per month	115.40	122.33	6%
Additional availability charge	115.40	122.33	6%

**Departmental**

Per toilet/urinal per month	49.86	52.85	6%
Minimum per month	99.66	105.64	6%

**Septic-tank Residential (including churches, old ages)**

Per suction	608.88	645.41	6%
Farms/small holding suction fee plus 10%			

**Businesses (includes schools, government institutions)**

Per suction	673.68	714.10	6%
Farms/small holding suction fee plus 10%			

**Industries**

Per suction	146.27	155.04	6%
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**Departmental**

Per suction	608.88	645.42	6%
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**1. VIP Toilets and Buckets**

For the household using VIP toilets the service will be charged for cleaning of VIP toilets R645.41 per suction

**2. Availability Charge**

The following availability charge shall be payable in respect of vacant stands:

Per residential stand per month R184.68



Per Non-residential stand per month R262.85

### 3. Charges for work carried out by the municipality:

Re-inspection fee per connection	R617.98
Sealing opening per connection	R926.97
Re-opening sealed connection	R926.97
Alterations to gullies, per gulley	R878.22
Removing blockages on private dwelling	R247.19

#### 1.4.5 Waste Removal and Impact of Tariff Increases

The proposed tariffs for waste removal are as follows:

	Tariff 2015/16	Proposed Tariff 2016/17	%
<b>Residential (Including churches, old age homes, etc.)</b>			
Per Bin (per month)	134.32	134.32	6%
<b>Business (Office Blocks )</b>			
Per Bin (per month)	164.19	174.04	6%
Farms/Smallholdings - The "Bin" fee & additional 10%			
<b>Business (Retail )</b>	<b>Tariff 2015/16</b>	<b>Proposed Tariff 2016/17</b>	<b>%</b>
Per Bin (per month)	746.22	790.99	6%
Farms/Smallholdings - The "Bin" fee & additional 10%			
<b>Business (Include schools, government institutions, etc.)</b>			
Per Bin (per month)	746.22	790.99	6%

Farms/Smallholdings - The "Bin" fee & additional cost (Labour, fuel, etc.) & 10%			
<b>Industries</b>			
Per Bin (per month)	970.99	1 028.30%	6%
Farms/Smallholdings - The "Bin" fee & additional cost (Labour, fuel, etc.) & 10%			
<b>Departmental</b>			
Per Bin (per month)	134.32	142.38	10%
Farms/Smallholdings - The "Bin" fee & additional cost (Labour, fuel, etc.) & 10%			

#### 1.4.6 Collection of Outstanding Debt

- The municipality is expecting to write-off 100 Million of the prescribed debtors.
- The municipality has already started the process of issuing summons to debtors who have long outstanding debt.
- A revised Revenue Enhancement Strategy has been drawn up and submitted to the Municipal Manager, directors, managers and other related officials for scrutinizing and inputs. A meeting took place between the above role-players and the strategy was updated. The updated strategy must be submitted to the Council for approval.
- Addressing the revenue challenges and also to address cash flow challenges.
- There will also be a number of incentives that the municipality will be having to assist the debtors who are in arrears and willing to pay.

## 1.5 Operating Expenditure Framework

The Nketoana Local Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

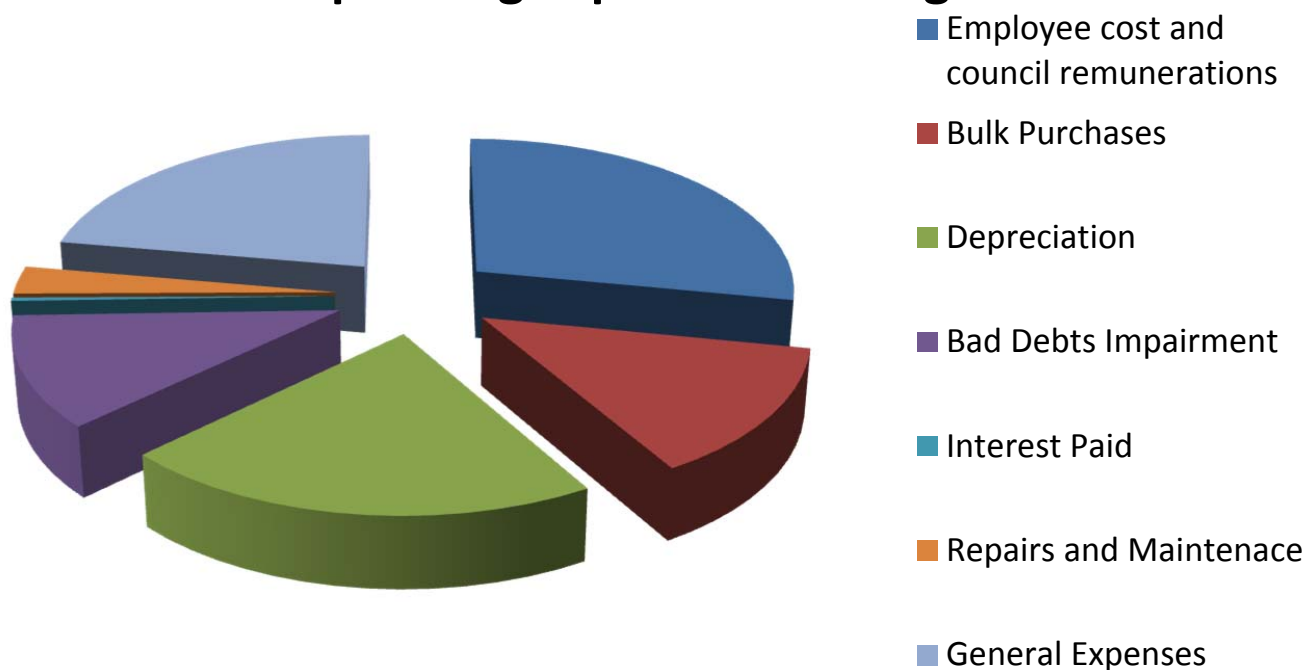
- The asset management strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the IDP and MIG strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is the summary of budget and MTREF classified per type of operating expenditure

FS193 Nketoana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1										
<b>Expenditure By Type</b>	-										
Employee related costs	2	57 013	61 004	59 101	71 987	70 879	70 879	70 879	75 196	78 204	81 332
Remuneration of councillors		4 925	5 669	6 161	6 530	6 663	6 663	6 663	7 063	7 345	7 639
Debt impairment	3	44 402	99 441	43 234	40 316	40 316	40 316	40 316	38 624	40 169	41 776
Depreciation & asset impairment	2	64 736	64 211	70 995	64 000	67 200	67 200	67 200	68 544	71 286	74 137
Finance charges		2 254	2 413	2 800	1 200	1 200	1 200	1 200	1 200	1 248	1 298
Bulk purchases	2	28 835	34 230	39 723	50 434	39 034	39 034	39 034	45 971	47 810	49 723
Other materials	8	9 008	11 914	11 327	10 898	11 158	11 158	11 158	8 157	8 483	8 822
Contracted services		12 623	13 486	10 091	6 930	7 893	7 893	7 893	9 730	10 119	10 524
Transfers and grants		-	-	-	22 499	17 328	17 328	17 328	16 767	17 438	18 136
Other expenditure	4,										
Loss on disposal of PPE	5	43 455	30 876	79 621	38 978	43 784	43 784	43 784	46 845	48 719	50 668
		145				-					
<b>Total Expenditure</b>		<b>267 396</b>	<b>323 243</b>	<b>323 053</b>	<b>313 772</b>	<b>305 454</b>	<b>130 216</b>	<b>130 216</b>	<b>318 097</b>	<b>330 820</b>	<b>344 053</b>

## Operating Expenditure Budget



### Total expenditure represents the following:

- Employee cost and council remunerations 29%
- Depreciation 22%
- Bad debts impairment 12%
- Bulk purchases 14%
- Interest paid 0.38%
- Repairs and Maintenance 3%
- General expenses 23%

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

FS193 Nketoana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		650	1 500	850	1 224	1 304	1 304	1 304	1 730	1 460	1 600
Executive and council				15		–			30		
Budget and treasury office		650	1 500	835	1 224	1 304	1 304	1 304	1 700	1 460	1 600
Corporate services											
<i>Community and public safety</i>		3 783	5 534	6 022	12 994	8 128	8 128	8 128	16 409	6 105	11 842
Community and social services			400		6 084	4 008	4 008	4 008	12 310	1 325	6 842
Sport and recreation		3 783	5 134	6 022	6 910	4 120	4 120	4 120	4 099	4 781	5 000
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		9 284	15 268	12 031	12 309	15 780	15 780	15 780	5 170	4 625	4 311
Planning and development											
Road transport		9 284	15 268	12 031	12 309	15 780	15 780	15 780	5 170	4 625	4 311
Environmental protection											
<i>Trading services</i>		38 332	32 991	37 119	41 070	42 555	42 555	42 555	71 346	67 977	69 056
Electricity		4 900	5 096	7 123	3 240	3 240	3 240	3 240	24 941	4 197	7 393
Water		22 426	21 810	24 614	19 490	25 558	25 558	25 558	42 096	30 535	46 519
Waste water management		3 200	1 951	3 694	15 567	10 983	10 983	10 983	279	18 230	9 049
Waste management		7 806	4 134	1 689	2 773	2 773	2 773	2 773	4 030	15 015	6 095
<i>Other</i>											
<b>Total Capital Expenditure - Standard</b>	3	52 049	55 293	56 022	67 597	67 767	67 767	67 767	94 655	80 167	86 809
<b>Funded by:</b>											
National Government		42 018	49 297	51 872	62 773	62 773	62 773	62 773	89 159	72 280	76 750
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	42 018	49 297	51 872	62 773	62 773	62 773	62 773	89 159	72 280	76 750
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		10 031	5 996	4 150	4 824	4 994	4 994	4 994	5 496	7 887	10 059
<b>Total Capital Funding</b>	7	52 049	55 293	56 022	67 597	67 767	67 767	67 767	94 655	80 167	86 809

**The total capital expenditure represents the following:**

- Water consists of 44% of the total capital expenditure
- Electricity consists of 26% of the budget
- Finance and admin and other consists of 2% of the budget
- Roads and transport consists of 5% of the budget
- Sports consists of 4% of the budget
- Waste management consists of 4% of the budget
- Waste water management consists of 0.3% of the budget
- Parks and cemetery consists of 13% of the budget

**1.7 Annual Budget Table**

FS193 Nketoana - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
<b>Financial Performance</b>										
Property rates	#VALUE!	9 902	24 304	18 796	18 796	18 796	18 796	18 729	19 478	20 257
Service charges	68 492	99 505	120 251	129 790	129 922	129 922	142 869	152 181	158 268	164 599
Investment revenue	1 501	400	500	644	600	600	600	400	416	433
Transfers recognised - operational	117 791	81 558	82 649	84 163	84 163	84 163	84 163	83 002	86 322	89 775
Other own revenue	20 598	21 225	33 811	64 456	55 353	55 353	55 353	38 455	39 993	41 593
<b>Total Revenue (excluding capital transfers and contributions)</b>	#VALUE!	212 590	261 514	297 849	288 834	288 834	301 781	292 766	304 477	316 656
Employee costs	57 013	61 004	59 101	71 987	70 879	70 879	70 879	75 196	78 204	81 332
Remuneration of councillors	4 925	5 669	6 161	6 530	6 663	6 663	6 663	7 063	7 345	7 639
Depreciation & asset impairment	64 736	64 211	70 995	64 000	67 200	67 200	67 200	68 544	71 286	74 137
Finance charges	2 254	2 413	2 800	1 200	1 200	1 200	1 200	1 200	1 248	1 298
Materials and bulk purchases	37 842	46 144	51 050	61 332	50 192	50 192	50 192	54 128	56 293	58 545
Transfers and grants	-	-	-	22 499	17 328	17 328	17 328	16 767	17 438	18 136
Other expenditure	100 625	143 802	132 946	86 224	91 992	91 992	91 992	95 199	99 007	102 967
<b>Total Expenditure</b>	267 396	323 243	323 053	313 772	305 454	130 216	130 216	318 097	330 820	344 053
<b>Surplus/(Deficit)</b>	#VALUE!	(110 653)	(61 539)	(15 923)	(16 620)	130 544	130 544	(25 330)	(26 343)	(27 397)
Transfers recognised - capital	42 018	49 297	51 872	62 773	62 773	62 773	62 773	89 159	92 725	96 434
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	#VALUE!	(61 356)	(9 667)	46 850	46 153	193 317	193 317	63 829	66 382	69 037
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	#VALUE!	(61 356)	(9 667)	46 850	46 153	193 317	193 317	63 829	66 382	69 037
<b>Capital expenditure &amp; funds sources</b>										

Nketoana Local Municipality

2016/2017 Draft Annual Budget and MTREF

<b>Capital expenditure</b>	<b>52 049</b>	55 293	56 022	67 597	67 767	67 767	67 767	94 655	80 167	86 809
Transfers recognised - capital	<b>42 018</b>	49 297	51 872	62 773	62 773	62 773	62 773	89 159	72 280	76 750
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	<b>10 031</b>	5 996	4 150	4 824	4 994	4 994	4 994	5 496	7 887	10 059
<b>Total sources of capital funds</b>	<b>52 049</b>	55 293	56 022	67 597	67 767	67 767	67 767	94 655	80 167	86 809
<b><u>Financial position</u></b>										
Total current assets	<b>87 300</b>	202 251	145 812	103 427	62 274	62 274	62 274	64 765	67 356	70 050
Total non current assets	<b>605 162</b>	663 964	579 656	605 697	588 234	588 234	588 234	611 763	636 233	661 683
Total current liabilities	<b>54 072</b>	36 904	28 677	94 800	135 066	135 066	135 066	140 468	146 087	151 931
Total non current liabilities	<b>27 342</b>	28 463	28 169	25 292	22 667	22 667	22 667	23 574	24 517	25 498
Community wealth/Equity	<b>611 047</b>	800 848	668 622	589 032	492 775	492 775	492 775	512 486	532 985	554 305
<b><u>Cash flows</u></b>										
Net cash from (used) operating	<b>8 769</b>	79 466	133 537	136 745	98 922	98 922	98 922	170 997	157 392	165 266
Net cash from (used) investing	<b>(32 353)</b>	(69 697)	(56 740)	(67 597)	(67 767)	(67 767)	(67 767)	(94 655)	(80 167)	(86 809)
Net cash from (used) financing	<b>(1 322)</b>	(1 062)	1 429	(8 637)	(8 637)	(8 637)	(8 637)	(8 637)	(8 566)	(8 498)
<b>Cash/cash equivalents at the year end</b>	<b>(7 777)</b>	928	89 500	147 153	109 161	109 161	109 161	126 441	195 100	265 059
<b><u>Cash backing/surplus reconciliation</u></b>										
Cash and investments available	<b>(10 391)</b>	47 923	13 456	1 867	2 998	2 998	2 998	3 118	3 242	3 372
Application of cash and investments	<b>(16 766)</b>	(63 069)	(98 307)	(25 080)	72 699	72 699	75 298	78 586	81 730	84 999
<b>Balance - surplus (shortfall)</b>	<b>6 375</b>	110 992	111 763	26 947	(69 701)	(69 701)	(72 300)	(75 468)	(78 488)	(81 627)
<b><u>Asset management</u></b>										
Asset register summary (WDV)	<b>595 503</b>	629 335	669 127	685 167	685 046	685 046	712 448	712 448	740 946	770 583
Depreciation & asset impairment	<b>64 736</b>	64 211	70 995	64 000	67 200	67 200	68 544	68 544	71 286	74 137
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	<b>8 821</b>	12 770	10 832	10 898	11 158	10 104	8 157	8 157	8 483	8 822
<b><u>Free services</u></b>										
Cost of Free Basic Services provided	<b>8 033</b>	6 819	11 815	13 079	12 947	12 947	–	–	–	–
Revenue cost of free services provided	<b>14 018</b>	15 000	18 148	19 468	19 468	18 753	18 753	18 753	21 446	22 304
<b><u>Households below minimum service level</u></b>										
Water:	7	6	8	8	8	8	7	7	7	6
Sanitation/sewerage:	4	3	4	4	4	4	4	4	4	5
Energy:	12	12	14	14	14	14	13	13	13	13
Refuse:	4	4	5	5	5	5	5	5	5	5

FS193 Nketoana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Re f	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		192 848	121 871	126 532	166 926	94 720	94 720	65 155	67 761	70 471
Executive and council		–	21 871	16 269	20 028	20 028	20 028	20 253	21 063	21 906
Budget and treasury office		170 769	90 750	109 594	146 320	74 247	74 247	44 588	46 372	48 227
Corporate services		22 079	9 250	669	578	444	444	313	325	338
<i>Community and public safety</i>		2 711	11 808	8 898	20 389	32 499	32 499	19 936	20 733	21 562
Community and social services		551	10 524	2 227	15 850	21 051	21 051	15 377	15 993	16 632
Sport and recreation		2 044	853	6 527	4 358	11 268	11 268	4 358	4 533	4 714
Public safety		116	431	144	180	180	180	200	208	216
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	40 301	14 638	17 430	30 845	30 845	17 432	18 129	18 854
Planning and development		–	2 300	3 920	6 629	6 629	6 629	6 631	6 896	7 172
Road transport		–	38 001	10 718	10 801	24 216	24 216	10 801	11 233	11 682
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		79 069	106 324	186 117	167 255	204 788	204 788	188 543	196 084	203 928
Electricity		27 195	34 000	64 581	49 907	52 304	52 304	66 781	69 453	72 231
Water		27 759	37 000	68 514	50 457	69 947	69 947	55 302	57 515	59 815
Waste water management		11 813	17 000	27 699	33 120	48 694	48 694	32 721	34 029	35 391
Waste management		12 301	18 324	25 323	33 770	33 843	33 843	33 738	35 088	36 491
<i>Other</i>	4	–	500	1 270	1 702	1 702	1 702	1 702	1 770	1 841
<b>Total Revenue - Standard</b>	2	274 628	280 804	337 455	373 701	364 554	364 554	292 767	304 477	316 656
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		67 125	73 505	87 006	64 046	59 367	59 367	67 873	70 588	73 412
Executive and council		17 872	18 389	19 985	20 506	25 188	25 188	24 912	25 909	26 945
Budget and treasury office		31 340	40 990	54 198	23 670	16 485	16 485	22 844	23 758	24 709
Corporate services		17 913	14 126	12 823	19 870	17 694	17 694	20 117	20 921	21 758
<i>Community and public safety</i>		23 553	14 942	14 473	20 081	27 216	27 216	21 105	21 949	22 827
Community and social services		19 013	10 902	10 432	12 688	15 226	15 226	12 639	13 144	13 670
Sport and recreation		2 114	882	476	378	4 624	4 624	484	503	524
Public safety		2 426	3 158	3 565	7 016	7 366	7 366	7 982	8 301	8 633
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		56 062	60 447	65 548	53 296	80 164	80 164	58 417	60 754	63 184
Planning and development		479	3 350	2 246	3 784	3 871	3 871	3 250	3 380	3 515
Road transport		55 583	57 097	63 302	49 512	76 293	76 293	55 167	57 374	59 669
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		120 655	173 849	155 450	175 779	205 605	205 605	169 920	176 717	183 786
Electricity		35 595	48 131	61 367	68 167	66 733	66 733	65 833	68 466	71 205
Water		44 319	46 897	41 255	46 681	72 281	72 281	47 312	49 205	51 173
Waste water management		24 225	45 292	16 418	34 752	41 938	41 938	34 261	35 632	37 057
Waste management		16 516	33 529	36 410	26 178	24 654	24 654	22 514	23 415	24 351
<i>Other</i>	4	–	500	576	569	870	870	781	812	845
<b>Total Expenditure - Standard</b>	3	267 396	323 243	323 053	313 772	373 222	373 222	318 097	330 820	344 053
<b>Surplus/(Deficit) for the year</b>		7 232	(42 439)	14 402	59 929	(8 669)	(8 669)	(25 330)	(26 343)	(27 397)



FS193 Nketoana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		–	21 871	21 273	20 028	20 028	20 028	20 253	21 063	21 906
Vote 2 - FINANCE AND ADMINISTRATION		192 848	100 000	119 732	146 898	74 691	74 691	44 901	46 697	48 565
Vote 3 - COMMUNITY SERVICES		2 711	11 808	22 618	20 389	32 499	32 499	19 936	20 733	21 562
Vote 4 - WASTE MANAGEMENT		12 301	18 324	28 443	33 770	33 843	33 843	33 738	35 088	36 491
Vote 5 - LOCAL ECONOMIC DEVELOPMENT		–	1 500	7 555	4 460	4 460	4 460	4 460	4 639	4 824
Vote 6 - ROADS TRANSPORT		–	38 001	18 975	10 801	24 216	24 216	10 801	11 233	11 682
Vote 7 – WATER		27 759	37 000	39 901	50 457	69 947	69 947	55 302	57 515	59 815
Vote 8 - ELECTRICITY		27 195	34 000	55 604	49 907	52 304	52 304	66 781	69 453	72 231
Vote 9 - WASTE WATER		11 813	17 000	21 506	33 120	48 694	48 694	32 721	34 029	35 391
Vote 10 - HOUSING		–	1 300	1 848	3 871	3 871	3 871	3 872	4 027	4 188
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	<b>274 628</b>	<b>280 804</b>	<b>337 455</b>	<b>373 701</b>	<b>364 554</b>	<b>364 554</b>	<b>292 767</b>	<b>304 477</b>	<b>316 656</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		17 872	18 389	17 532	20 507	25 188	25 188	24 912	25 909	26 945
Vote 2 - FINANCE AND ADMINISTRATION		49 253	55 116	64 105	43 540	32 875	32 875	42 961	44 680	46 467
Vote 3 - COMMUNITY SERVICES		23 553	14 942	13 523	20 081	19 088	19 088	21 105	21 949	22 827
Vote 4 - WASTE MANAGEMENT		16 516	33 529	20 672	26 178	21 881	21 881	22 514	23 415	24 351
Vote 5 - LOCAL ECONOMIC DEVELOPMENT		479	2 050	3 266	2 295	2 599	2 599	2 476	2 575	2 678
Vote 6 - ROADS TRANSPORT		55 583	57 097	68 277	49 512	60 512	60 512	55 167	57 374	59 669
Vote 7 – WATER		44 319	46 897	42 508	46 681	46 723	46 723	47 312	49 205	51 173
Vote 8 - ELECTRICITY		35 595	48 131	60 271	68 167	63 493	63 493	65 833	68 466	71 205
Vote 9 - WASTE WATER		24 226	45 292	29 205	34 752	30 954	30 954	34 261	35 632	37 057
Vote 10 - HOUSING		–	1 800	3 692	2 058	2 141	2 141	1 555	1 617	1 682
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	2	<b>267 396</b>	<b>323 243</b>	<b>323 053</b>	<b>313 772</b>	<b>305 454</b>	<b>305 454</b>	<b>318 097</b>	<b>330 820</b>	<b>344 053</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>7 232</b>	<b>(42 439)</b>	<b>14 402</b>	<b>59 929</b>	<b>59 100</b>	<b>59 100</b>	<b>(25 330)</b>	<b>(26 343)</b>	<b>(27 397)</b>

FS193 Nketoana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	16 715	9 902	24 304	18 796	18 796	18 796	18 796	18 729	19 478	20 257
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	28 877	32 625	37 309	41 207	40 942	40 942	44 788	49 256	51 226	53 275
Service charges - water revenue	2	20 236	36 140	45 362	47 399	43 437	43 437	48 760	53 596	55 740	57 969
Service charges - sanitation revenue	2	7 895	12 416	14 622	16 833	21 193	21 193	24 971	24 563	25 545	26 567
Service charges - refuse revenue	2	11 484	18 324	22 958	24 350	24 350	24 350	24 350	24 767	25 757	26 788
Service charges - other											
Rental of facilities and equipment		415	416		409	367	367	367	326	339	353
Interest earned - external investments		1 501	400	500	644	600	600	600	400	416	433
Interest earned - outstanding debtors		16 416	17 700	20 600	12 000	22 577	22 577	22 577	23 000	23 920	24 877
Dividends received											
Fines		116	75		180	180	180	180	200	208	216
Licences and permits											
Agency services											
Transfers recognised - operational		117 791	81 558	82 649	84 163	84 163	84 163	84 163	83 002	86 322	89 775
Other revenue	2	3 651	2 511	13 211	51 867	32 228	32 228	32 228	14 929	15 526	16 147
Gains on disposal of PPE			523								
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>225 097</b>	<b>212 590</b>	<b>261 514</b>	<b>297 849</b>	<b>288 834</b>	<b>288 834</b>	<b>301 781</b>	<b>292 766</b>	<b>304 477</b>	<b>316 656</b>
<b>Expenditure By Type</b>											
Employee related costs	2	57 013	61 004	59 101	71 987	70 879	70 879	70 879	75 196	78 204	81 332
Remuneration of councillors		4 925	5 669	6 161	6 530	6 663	6 663	6 663	7 063	7 345	7 639
Debt impairment	3	44 402	99 441	43 234	40 316	40 316	40 316	40 316	38 624	40 169	41 776
Depreciation & asset impairment	2	64 736	64 211	70 995	64 000	67 200	67 200	67 200	68 544	71 286	74 137
Finance charges		2 254	2 413	2 800	1 200	1 200	1 200	1 200	1 200	1 248	1 298
Bulk purchases	2	28 835	34 230	39 723	50 434	39 034	39 034	39 034	45 971	47 810	49 723
Other materials	8	9 008	11 914	11 327	10 898	11 158	11 158	11 158	8 157	8 483	8 822
Contracted services		12 623	13 486	10 091	6 930	7 893	7 893	7 893	9 730	10 119	10 524
Transfers and grants		-	-	-	22 499	17 328	17 328	17 328	16 767	17 438	18 136
Other expenditure	4, 5	43 455	30 876	79 621	38 978	43 784	43 784	43 784	46 845	48 719	50 668
Loss on disposal of PPE		145				-					
<b>Total Expenditure</b>		<b>267 396</b>	<b>323 243</b>	<b>323 053</b>	<b>313 772</b>	<b>305 454</b>	<b>130 216</b>	<b>130 216</b>	<b>318 097</b>	<b>330 820</b>	<b>344 053</b>
<b>Surplus/(Deficit)</b>		<b>(42 298)</b>	<b>(110 653)</b>	<b>(61 539)</b>	<b>(15 923)</b>	<b>(16 620)</b>	<b>130 544</b>	<b>130 544</b>	<b>(25 330)</b>	<b>(26 343)</b>	<b>(27 397)</b>
Transfers recognised - capital		42 018	49 297	51 872	62 773	62 773	62 773	62 773	89 159	92 725	96 434
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(280)</b>	<b>(61 356)</b>	<b>(9 667)</b>	<b>46 850</b>	<b>46 153</b>	<b>193 317</b>	<b>193 317</b>	<b>63 829</b>	<b>66 382</b>	<b>69 037</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>(280)</b>	<b>(61 356)</b>	<b>(9 667)</b>	<b>46 850</b>	<b>46 153</b>	<b>193 317</b>	<b>193 317</b>	<b>63 829</b>	<b>66 382</b>	<b>69 037</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(280)</b>	<b>(61 356)</b>	<b>(9 667)</b>	<b>46 850</b>	<b>46 153</b>	<b>193 317</b>	<b>193 317</b>	<b>63 829</b>	<b>66 382</b>	<b>69 037</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>(280)</b>	<b>(61 356)</b>	<b>(9 667)</b>	<b>46 850</b>	<b>46 153</b>	<b>193 317</b>	<b>193 317</b>	<b>63 829</b>	<b>66 382</b>	<b>69 037</b>

## Part 2 – Supporting Documentation

### 2.1 Overview of the Annual Budget Process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 2.2 Budget Process Overview

#### Budget Timeline 2016/17

#### NKETOANA LOCAL MUNICIPALITY

#### FINAL BUDGET TIMELINE 2016/17

Budget Activity	Timeline	Responsible Person
1. Budget Steering Committee.	03 <sup>rd</sup> September 2015	Mayor
2. Preparation of Budget guidelines	08 <sup>th</sup> – 18 <sup>th</sup> September 2015	CFO
3. Review the IDP to include programmes to be budgeted for 2016/17	12 <sup>th</sup> October 2015	CFO
4. 1 <sup>st</sup> Quarter Budget Assessment	14 <sup>th</sup> October 2015	BTO

Report		
5. Preparation of Tariffs Document	2 <sup>nd</sup> November 2015 – 07 <sup>th</sup> December 2015.	CFO
6. Submit the Draft Tariffs of 2016/17 to Managers for review.	10 <sup>th</sup> December 2015	CFO
7. 2 <sup>nd</sup> Quarter Budget assessment Report and Submission of half yearly budget report.	15 <sup>th</sup> January 2016	BTO
8. Budget Steering Committee Meeting.	20 <sup>th</sup> January 2016	Mayor
9. Strategic Session: IDP and Budget 2013	21 <sup>st</sup> – 22 <sup>nd</sup> January 2016	Mayor
10. Submit Mid Term Budget Report to Council.	27 <sup>th</sup> January 2016	Mayor
11. Submission of Adjustment Budget to council.	27 <sup>th</sup> January 2016	Mayor
12. Obtain comments on the New Tariffs.	30 <sup>th</sup> January 2016	Mayor
13. Finalization of IDP Projects and Funding	09 <sup>th</sup> February 2016	Mayor
14. Treasury visits for Sec 72 Reports	25 <sup>th</sup> February 2016	CFO
15. Submit the draft budget to the Mayor.	11 <sup>th</sup> March 2016	CFO/MM
16. Budget Steering Committee	14 <sup>th</sup> March 2016	Mayor
17. Finalize the Draft Budget	16 <sup>th</sup> March 2016	CFO/MM
18. Council Meeting to table the draft budget.	23 <sup>rd</sup> March 2016	Mayor
19. Obtain comments from the public on draft budget 2016/17	01 <sup>st</sup> -30 <sup>th</sup> April 2016	Mayor
20. Budget and Benchmark Assessment	4 <sup>th</sup> May 2016	CFO
21. Budget Steering Committee Meeting	05 <sup>th</sup> May 2016	Mayor
22. Finalize budget and tariffs for 2016-2018	13 <sup>th</sup> May 2016	CFO/MM
23. Submit final budget to the Mayor.	10 <sup>th</sup> May 2016	MM
24. Approval of the budget.	25 <sup>th</sup> May 2016	Council

There were no mayor deviations from the key dates set out in the Budget Time Schedule tabled in Council.

## **2.3 Community Consultation, IDP and Service Delivery and Budget Implementation Plan**

The draft 2016/17 MTREF budget was tabled before council on 23 March 2016 and for community consultation the municipality advertised on local newspaper and also had pamphlets distributed at the supermarkets and our customer care offices, municipal notice boards and various municipal offices and libraries. The community participation is open for the month of April 2016.

The municipality is expected to be invited by Provincial Treasury for budget bilateral to present the budget between the month of April and May 2016.

## **2.4 Overview of alignment of annual budget and IDP and strategic objectives**

In order to ensure integrated and focused service delivery between all spheres of government it was important for Nketoana Local Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building clean, healthy, safe, and sustainable communities, financial viability, and sound institutional governance.

Local priorities were identified as part of the IDP review process, which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide roads and storm water;
  - Provide stands;
  - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Extending waste removal services and ensuring effective city cleansing;

- Ensuring all waste water treatment works are operating optimally;
  - Working with Police to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning.
4. Good governance, financial viability and institutional governance:
- Reviewing the use of contracted services;
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan;
  - Publishing the outcomes of all tender processes on the municipal website;
  - To create financially sustainable and accountable municipality.

**The Nketoana Municipality's IDP strategic objectives for the next financial year are as follows:**

**FS193 Nketoana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Local Economic Development	To create employment opportunities in the Nketoana			-	40 801	22 602	22 602			23 506	24 446	25 424
Municipal Institution Development and Transformation	To facilitate institutional transformation and development in the Nketoana local municipality			22 079	22 932	29 997	19 420	19 420	19 420	31 197	32 445	33 743
Municipal Financial viability and Management	To monitor, evaluate and improve the financial viability of the Nketoana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001			128 751	41 453	42 596	30 142	30 142	30 142	44 300	46 072	47 915

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Basic Service delivery	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2017			81 779	118 132	140 059	28 707	28 707	28 707	145 661	151 488	157 547
Good governance and Public Participation	To ensure good governance and public participation in the Nketoana local municipality			–	8 189	8 086	8 086	8 086	8 086	8 409	8 746	9 096
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	232 609	231 507	243 340	108 956	86 354	86 354	253 074	263 197	273 724

FS193 Nketoana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Local Economic Development	To create employment opportunities in the Nketoana			56 062	60 947	64 523	–					
Municipal Institution Development and Transformation	To facilitate institutional transformation and development in the Nketoana local municipality			27 240	24 326	27 102	19 419	19 419	19 419	20 196	21 004	21 844
										–	–	–
Municipal Financial viability and Management	To monitor, evaluate and improve the financial viability of the Nketoana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001			27 240	24 326	26 502	30 141	30 141	30 141	31 347	32 601	33 905

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				32 597	58 085	30 141	–	–	–	–	–	–	
Basic Service delivery	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2017			116 969	151 676	125 156	28 707	28 707	28 707	29 855	31 049	32 291	
Good governance and Public Participation	To ensure good governance and public participation in the Nketoana local municipality			8 545	8 189	7 427	–	–	–	–	–	–	
Allocations to other priorities													
Total Expenditure				1	268 653	327 549	280 851	78 267	78 267	78 267	81 398	84 654	88 040



## FS193 Nketoana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Local Economic Development	To create employment opportunities in the Nketoana	A										
		B		9 284	15 268	13 135	13 660	13 660	13 660	14 207	14 775	15 366
		C										
		D										
Municipal Institution Development and Transformation	To facilitate institutional transformation and development in the Nketoana local municipality	E		–	–	15	33	33	33	34	36	37
		F										
Municipal Financial viability and Management	To monitor, evaluate and improve the financial viability of the Nketoana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001	G		650	1 500	835	835	835	835	868	903	939
		H										
		I										
Basic Service delivery	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2017	J		42 115	38 525	47 038	6 377	6 377	6 377	6 632	6 897	7 173
		K										
Good governance and Public Participation	To ensure good governance and public participation in the Nketoana local municipality	L		–	–	–	5 000	5 000	5 000	5 200	5 408	5 624

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## FS193 Nketoana - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>EXECUTIVE AND COUNCIL</b>										
Municipal Manager	To ensure good governance and public participation in the Nketoana local municipality	3.0%	2.0%	3.0%	3.0%					
Speakers office		2.0%	2.0%	2.0%	2.0%					
Mayors office		0.9%	1.0%	0.5%	0.5%	0.5%	0.5%	2.500%	4.5%	5.500%
<b>FINANCE AND ADMIN</b>										
	To monitor, evaluate and improve the financial viability of the Nketoana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001	12.0%	14.0%	11.0%	11.0%	11.0%	11.0%	13.000 %	15.0%	16.0%
Finance										
Corporate services		7.0%	4.0%	7.0%	7.0%					
<b>COMMUNITY SERVICES AND SOCIAL</b>										
	Routine maintainance of recreational facilities, cemeteries and traffic control of traffic	5.0%	2.0%	2.0%	2.0%					
Parks and Cemetery										
Traffic and fire services		0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	3.000%	5.0%	6.0%
Sports		0.8%	0.3%	0.2%	0.2%					
other community anf social		2.3%	2.0%	0.5%	0.5%					
						0.0%	0.0%	2.000%	4.0%	5.0%
<b>SOLID WASTE MANAGEMENT</b>										
	Number of credible IWMPs developed	6.0%	10.0%	7.0%	7.0%	7.0%	7.0%	2.5%	4.5%	5.5%
Refuse removal										
<b>LOCAL ECONOMIC DEVELOPMENT</b>						0.0%	0.0%	2.000%	4.0%	5.0%
	Number of job opportunities created	0.2%	0.5%	0.7%	0.7%					
Economic Development										
Tourism		0.0%	0.2%	0.3%	0.3%	0.3%	0.3%	2.300%	4.3%	5.3%
<b>ROADS AND STROM WATER</b>										
	Number of projects completed according to quality and quantity specifications	21.0%	16.0%	21.0%	21.0%					
Roads										
Stormwater										
						0.0%	0.0%	2.000%	4.0%	5.0%
<b>WATER</b>						0.0%	0.0%	2.000%	4.0%	5.0%
	Number of households with	16.0%	14.0%	12.0%	12.0%					
Water										

	access to at least RDP level of water, provision of water into the Nketoana as a whole									
						0.0%	0.0%	2.000%	4.0%	5.0%
<b>ELECTRICITY</b>										
<i>Electricity</i>	Number of households with access to basic level of electricity	13.0%	23.0%	21.0%	21.0%	21.0%				
<b>WASTE MANAGEMENT</b>						0.0%	0.0%	2.000%	4.0%	5.0%
	Number of households with access to basic level of sanitation	9.0%	10.0%	7.0%						
<i>Waste Water Management</i>					7.0%	0.0%	0.0%	2.000%	4.0%	
<b>HOUSING</b>										
	Number of credible SDF's developed and approved, sector plans approved and number of housing demand database	0.0%	0.5%	0.7%	0.7%	0.7%	0.7%	2.700%	4.7%	5.7%
<i>Urban and planning and housing</i>										

## 2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with Legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the intergraded planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance, which in turn is directly linked to the HOD's performance.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

## 2.6 Overview of budget related-policies

The policies that were reviewed in relation to budget are as follows:

- Debt collection and Credit control policy
- Indigent policy
- Property Rates policy
- Budget policy
- Tariff policy
- SCM policy
- Bank and Cash management policy
- Assets Management
- Travel allowance policy
- Car allowance policy
- Expenditure policy
- Write off policy
- Free Basic Service policy

## 2.7 Overview of budget assumptions

Key budget assumptions municipality used is as follows:

- The municipality is expected to budget based on its strength to collect revenue
- Repairs and Maintenance as this will assist in the life span of an asset
- Refrain from budgeting for luxury furniture and non-priorities such as excessive catering ( MFMA circular 70 and 72)
- Increase the labour force by way of implementing EPWP programmes
- CPI 6% MFMA circular 78
- Diesel cost per litre 10.00c
- Petrol Price R11.48c
- Nersa electricity tariff increase 8%

## 2.8 Overview of budget funding

In terms of DoRA allocation, there is an Unconditional grant of R83 002 000 for 2016/17 financial year, R86 322 000 and R 89 322 000 respectively for 2017/18 and 2018/19.

Capital budget is funded by MIG of R24 218 000, RBIG of R 40 000 000, INEG of R24 941 000 and internally generated funds of R 5 495 502 for the budget year

The tables below provide detail investment information and investment particulars by maturity.

FS193 Nketoana - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits – Bank			3 696	8 219	11 641	7 988	7 988	15 156	16 066	17 030
Deposits - Public Investment										
Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	–	3 696	8 219	11 641	7 988	7 988	15 156	16 066	17 030

FS193 Nketoana - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Expiry date of investment	Opening balance	Interest to be realised	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months									
<b>Parent municipality</b>											
STANDARD BANK		72	SECURITY	YES	VARIABLE RATE	5.68%	03 November 2016	4 165	30		4 195
VKB		Continued	LONG TERM	NO	VARIABLE RATE	5.50%	CALL ACCOUNT	953	5		–
VKB LISTED SHARES		continued	SHARES LONG TERM	NO	VARIABLE RATE		INFINITY CALL ACCOUNT	5			–
ABSA		continued		NO	VARIABLE RATE	5%		2 865	49	7 085	–
<b>TOTAL INVESTMENTS AND INTEREST</b>	1							7 988		7 085	15 156

## 2.9 Councillor and employee benefits

We have budgeted 6% in terms of SALGA salary increase for both staff and councillors

**FS193 Nketoana - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		431 088	60 996	164 556			656 640
Chief Whip			222 276		94 956			317 232
Executive Mayor			538 860	76 248	200 484			815 592
Deputy Executive Mayor								-
Executive Committee			889 136	128 208	303 336			1 320 680
Total for all other councillors			1 993 819	279 648	613 625			2 887 092
<b>Total Councillors</b>	8	-	4 075 179	545 100	1 376 957			5 997 236
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			866 065	1 776	294 000	-		1 161 841
Chief Finance Officer			661 012	1 776	252 000	-		914 788
Director Corporate Services			847 912	1 776	65 100	-		914 788
Director Community Services			817 012	1 776	96 000	-		914 788
Director Infrastructure Services			643 012	1 776	270 000	-		914 788
								-
<i>List of each official with packages &gt;= senior manager</i>								
Manager IDP and PMS			279 788	159 684	71 796	23 316		534 584
Manager Internal Audit and Risk management			279 788	99 384	119 820	23 316		522 308
Manager Budget and Treasury			-	-	-	-		-
Manager Income			279 788	94 332	90 060	23 316		487 496
Manager Expenditure			279 788	53 220	76 944	23 316		433 268
Manager Supply Chain			279 788	59 136	81 456	23 316		443 696
Manager LED			279 788	71 268	124 800	23 316		499 172
Manager Tourism			279 788	79 356	118 896	23 316		501 356
Manager Records			279 788	92 544	118 548	23 316		514 196
Manager Human Resources			279 788	80 554	134 148	23 316		517 806
Manager Parks and Cemetery and Solid waste			279 788	63 396	58 956	23 316		425 456
Manager Waste Water and Water			279 788	94 644	118 896	23 316		516 644
Manager Electricity			279 788	59 988	126 084	23 316		489 176
<b>Total Senior Managers of the Municipality</b>	8,10	-	7 192 469	1 016 386	2 217 504	279 789		10 706 148
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
Manager Urban and Planning			279 788	83 916	133 332	23 316		520 352
Manager Roads			279 788	108 108	135 168	23 316		546 380
Manager Traffic, Fire and Safety			279 788	90 876	135 168	23 316		529 148
								-
								-
								-
								-
								-
								-

								-
								-
								-
								-
								-
<b>Total for municipal entities</b>	8,10	-	839 364	282 900	403 668	69 948		1 595 880
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	-	12 107 012	1 844 386	3 998 129	349 737		18 299 264

The municipality does not have an entity. We put information on this sheet due to lack of space, the document did not allow us to insert the lines or edit it. We had to capture this information that will reflect all other managers to be consistent with the organisational structure as it stands currently.

#### FS193 Nketoana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<b><u>Councillors (Political Office Bearers plus Other)</u></b>	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		2 768	4 388	3 755	3 921	4 332	4 332	4 592	4 776	4 967
Pension and UIF Contributions				530	554	613	613	650	676	703
Medical Aid Contributions				-	-	42	42	44	46	48
Motor Vehicle Allowance		1 170	1 041	1 341	1 400	1 037	1 037	1 099	1 143	1 189
Cellphone Allowance			238	359	375	340	340	361	375	390
Housing Allowances		987		-	-	-	-	-	-	-
Other benefits and allowances				269	281	299	299	317	330	343
<b>Sub Total – Councillors</b>		4 925	5 667	6 255	6 530	6 663	6 663	7 063	7 345	7 639
<b>% increase</b>	4		15.1%	10.4%	4.4%	2.0%	-	6.0%	4.0%	4.0%
<b><u>Senior Managers of the Municipality</u></b>	2									
Basic Salaries and Wages			7 044	4 661	4 867	4 949	4 949	5 246	5 456	5 674
Pension and UIF Contributions				147	154	156	156	166	172	179
Medical Aid Contributions			239	-	-	-	-	-	-	-
Overtime			-	-	-	-	-	-	-	-
Performance Bonus			941	-	-	-	-	-	-	-
Motor Vehicle Allowance	3		824	918	959	975	975	1 034	1 075	1 118
Cellphone Allowance	3		50	119	125	127	127	134	140	145
Housing Allowances	3		15	268	280	285	285	302	314	326
Other benefits and allowances	3		1 926	221	230	234	234	248	258	269
Payments in lieu of leave				65	68	70	70	74	77	80
Long service awards						-	-	-	-	-
Post-retirement benefit obligations	6					-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		-	11 039	6 401	6 682	6 796	6 796	7 204	7 492	7 792



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% increase	4		-	(42.0%)	4.4%	1.7%	-	6.0%	4.0%	4.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		37 689	30 630	40 592	42 378	41 157	41 157	43 279	45 010	46 810
Pension and UIF Contributions		6 772	6 340	8 360	8 728	8 728	8 728	8 065	8 388	8 724
Medical Aid Contributions		2 313	1 632	2 152	2 247	2 247	2 247	2 456	2 554	2 656
Overtime		2 292	1 532	4 337	2 562	2 562	2 562	3 402	3 538	3 679
Performance Bonus		2 600	3 428	3 227	3 369	3 369	3 369	3 623	3 768	3 918
Motor Vehicle Allowance	3	1 735	1 303	2 294	2 395	2 395	2 395	2 594	2 697	2 805
Cellphone Allowance	3	552	857	303	316	316	316	340	353	367
Housing Allowances	3	158	46	201	210	210	210	225	234	244
Other benefits and allowances	3	2 902	2 964	2 192	2 289	2 289	2 289	4 009	4 169	4 336
Payments in lieu of leave				433	452	452	452	-	-	-
Long service awards			1 235	344	359	359	359	-	-	-
Post-retirement benefit obligations	6					-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>57 012</b>	<b>49 967</b>	<b>64 435</b>	<b>65 305</b>	<b>64 083</b>	<b>64 083</b>	<b>67 992</b>	<b>70 712</b>	<b>73 540</b>
% increase	4		(12.4%)	29.0%	1.3%	(1.9%)	-	6.1%	4.0%	4.0%
<b>Total Parent Municipality</b>		<b>61 937</b>	<b>66 673</b>	<b>77 091</b>	<b>78 517</b>	<b>77 542</b>	<b>77 542</b>	<b>82 258</b>	<b>85 549</b>	<b>88 971</b>
<b>Board Members of Entities</b>										
Basic Salaries and Wages			7.6%	15.6%	1.9%	(1.2%)	-	6.1%	4.0%	4.0%
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Board Members of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% increase	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% increase	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										

Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		61 937	66 673	77 091	78 517	77 542	77 542	82 258	85 549	88 971
% increase	4		7.6%	15.6%	1.9%	(1.2%)	-	6.1%	4.0%	4.0%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	57 012	61 006	70 836	71 987	70 879	70 879	75 196	78 204	81 332

## 2.10 Monthly targets for revenue, expenditure and cash flow

FS193 Nketoana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												
	July	August	Sept.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apl.	May	June	Budget Year 2016/17
<b>Cash Receipts By Source</b>													1
Property rates	1 453	1 445	1 455	1 425	1 452	1 547	1 586	1 568	1 652	1 679	1 795	1 671	18 729
Property rates - penalties & collection charges												-	
Service charges - electricity revenue	2 979	2 988	2 789	3 548	3 548	3 690	3 758	4 025	4 125	4 126	6 356	7 323	49 256
Service charges - water revenue	3 694	3 955	3 952	4 152	4 125	4 215	4 215	3 655	4 158	4 125	6 251	7 096	53 596
Service charges - sanitation revenue	1 790	1 785	1 790	1 895	1 895	1 996	1 995	2 346	2 346	2 357	2 458	1 910	24 563
Service charges - refuse revenue	1 589	1 590	1 569	1 690	1 658	1 785	2 258	2 358	2 346	2 488	2 511	2 925	24 767
Service charges – other												-	
Rental of facilities and equipment	17	12	33	25	13	30	24	31	32	44	48	17	326
Interest earned - external investments	15	32	24	51	50	39	29	55	44	16	15	30	400
Interest earned - outstanding debtors	790	791	800	901	905	906	908	1 004	3 145	5 246	5 250	2 354	23 000
Dividends received												-	
Fines	9	10	13	12	12	15	16	18	16	20	18	45	200
Licences and permits												-	
Agency services												-	
Transfer receipts - operational	20 751			20 751			20 751			20 751		-	83 002
Other revenue	726	813	859	940	1 267	1 258	1 288	1 390	1 355	1 345	1 400	2 289	14 929
<b>Cash Receipts by Source</b>	<b>33 811</b>	<b>13 420</b>	<b>13 283</b>	<b>35 388</b>	<b>14 926</b>	<b>15 481</b>	<b>36 828</b>	<b>16 451</b>	<b>19 219</b>	<b>42 195</b>	<b>26 103</b>	<b>25 660</b>	<b>292 766</b>
<b>Other Cash Flows by Source</b>													
Transfer receipts - capital	15 693			15 693			15 693			15 693		26 386	89 159
Contributions recognised - capital & Contributed assets												-	
Proceeds on disposal of PPE												-	
Short term loans												-	
Borrowing long term/refinancing												-	
Increase (decrease) in consumer deposits												-	
Decrease (Increase) in non-current debtors												-	
Decrease (increase) other non-current receivables												-	
Decrease (increase) in non-current investments												-	
<b>Total Cash Receipts by Source</b>	<b>49 504</b>	<b>13 420</b>	<b>13 283</b>	<b>51 082</b>	<b>14 926</b>	<b>15 481</b>	<b>52 522</b>	<b>16 451</b>	<b>19 219</b>	<b>57 889</b>	<b>26 103</b>	<b>52 046</b>	<b>381 925</b>
<b>Cash Payments by Type</b>													
Employee related costs	5 248	5 988	5 289	5 301	6 458	6 245	5 422	5 644	5 644	6 522	8 655	8 779	75 196
Remuneration of councillors	456	500	510	540	556	572	560	565	566	575	977	684	7 063
Finance charges	100	100	100	100	100	100	100	100	100	100	100	100	1 200

Bulk purchases - Electricity	1 286	1 365	2 369	2 589	2 589	5 789	5 800	5 895	6 259	3 359	5 458	2 239	45 000
Bulk purchases - Water & Sewer	79	79	90	90	90	89	89	60	79	90	49	90	971
Other materials	625	987	895	356	690	895	434	595	765	895	525	494	8 157
Contracted services	599	249	990	316	100	856	789	490	589	986	489	3 277	9 730
Transfers and grants - other municipalities												–	
Transfers and grants - other	699	695	690	690	698	1 986	1 986	1 895	1 875	1 895	2 045	1 614	16 767
Other expenditure	2 058	1 569	5 896	1 258	5 896	2 895	2 985	1 570	6 153	4 790	4 258	7 518	46 845
<b>Cash Payments by Type</b>	<b>11 149</b>	<b>11 531</b>	<b>16 829</b>	<b>11 239</b>	<b>17 176</b>	<b>19 429</b>	<b>18 167</b>	<b>16 815</b>	<b>22 031</b>	<b>19 212</b>	<b>22 557</b>	<b>24 794</b>	<b>210 928</b>
<b>Other Cash Flows/Payments by Type</b>													
Capital assets	5 699	5 236	4 895	5 589	5 237	5 490	5 365	7 896	10 325	10 490	12 895	15 538	94 655
Repayment of borrowing	717	717	717	717	717	717	717	717	717	717	717	753	8 637
Other Cash Flows/Payments												–	
<b>Total Cash Payments by Type</b>	<b>17 564</b>	<b>17 484</b>	<b>22 441</b>	<b>17 545</b>	<b>23 130</b>	<b>25 635</b>	<b>24 248</b>	<b>25 428</b>	<b>33 072</b>	<b>30 418</b>	<b>36 169</b>	<b>41 085</b>	<b>314 220</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>31 940</b>	<b>(4 064)</b>	<b>(9 157)</b>	<b>33 537</b>	<b>(8 204)</b>	<b>(10 154)</b>	<b>28 273</b>	<b>(8 977)</b>	<b>(13 853)</b>	<b>27 471</b>	<b>(10 066)</b>	<b>10 961</b>	<b>67 706</b>
Cash/cash equivalents at the month/year begin:	58 735	90 675	86 611	77 453	110 990	102 786	92 633	120 906	111 928	98 075	125 546	115 480	58 735
Cash/cash equivalents at the month/year end:	90 675	86 611	77 453	110 990	102 786	92 633	120 906	111 928	98 075	125 546	115 480	126 441	126 441

## 2.11 Contracts having future budgetary implications

We anticipate spending 100% of Conditional grants allocated to the municipality

## 2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme  
  
The Municipality is participating in the Municipal Financial Management Internship programme and has 5 interns undergoing training in various divisions of the Financial Services Department which has started in February 2014 which will run until July 2016
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA. at the present moment the municipality has merged budget and treasury office with the

expenditure division of finance department. And also there are no permanent personnel appointed to work in the budget and Treasury part of the division.

4. Audit Committee  
An Audit Committee was appointed during the 2012/13 financial year municipality and has since functioned effectively.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be in line with MFMA section
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality internal centre which is Finance department in this regard and training is on-going.

## 2.13 Municipal manager's quality certificate

I ...Lekgetho Isaac Mokgatlhe..., municipal manager of Nketoana Local Municipality, hereby certify that the Draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Lekgetho Isaac Mokgatlhe

Municipal Manager of Nketoana Local Municipality (FS193)

Signature: \_\_\_\_\_

Date: 23/03/2016